

INFORMATION REPORT

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SUBJECT Transportation and Freight Handling in Yugoslavia

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1. A Yugoslav engineer entered the free Territory of Trieste on or about 1 March 1949, as an agent of a commission representing the Yugoslav Ministry of Transportation. His purpose was to establish commercial relations for the acquisition of heavy transport and dock machinery for Dalmatian ports. His mission is, allegedly, of utmost importance to the Minister of Transportation since exports from Yugoslavia are seriously delayed by the lack of modern transport and freight-handling machinery in the railroad yards and dock areas of Dalmatia. Inasmuch as Yugoslavia can no longer rely on the assistance of satellite countries, it now depends solely on its Dalmatian ports, which currently are being developed, with a desperation born of necessity, under a Soviet-type Five Year Plan.
2. Because of current transport delays and inefficient handling of freight cargoes in the yards and docks, Yugoslavia will be hard pressed to meet its obligations in its fifteen million pound sterling trade agreement with Great Britain. The most practicable solution decided upon by the Government was to acquire, wherever possible, heavy machinery necessary for increasing the quantity of cargo exported with greater speed and efficiency.
3. To expedite this, the Yugoslav Government has formed a commission representing the various branches of the transportation industry. This commission, in addition to its planning function, now is dispatching purchasing agents, almost exclusively technicians, to the Western European countries to seek out and buy the required machinery.
4. The commission has instructed its agents to purchase American and German machinery in preference to other makes. Yugoslav engineers respect American machinery highly but require instruction and operating demonstration of the latest-type new equipment by American engineers or factory experts. Rumors within Yugoslavia of a forthcoming loan of fifty million dollars by the Export Bank of New York have raised high hope of purchasing this American machinery. German machinery is also given high priority, because of its wide usage throughout Yugoslavia and its time-tested high degree of efficiency.
5. The machinery most desired for the acceleration of the Five Year Plan are:
  - a. Mineral ore conveyors (from mine to railroad gondola and from gondola to ship)
  - b. Heavy tractors

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- c. Bulldozers
- d. Steam rollers
- e. Oil drilling equipment (up to 10,000 feet)
- f. Steel cables
- g. Cranes (especially for dock use)
- h. Generators
- i. Turbines
- j. Heavy transformers
- k. Lathes
- l. Trucks
- m. Railroad cars
- n. Spare parts for trucks and dock equipment
- o. Forestry tractors
- p. Trucks to shift railroad cars
- q. Lumber handling equipment
- r. Marine motors

6. A serious obstacle encountered in the purchasing of this equipment, is the inability of the Yugoslav Government to pay in hard cash. Therefore, whenever possible, a barter type compensation is proposed to conserve the cash reserve. Such purchases, in general, are repaid with a like value of lead, copper, antimony, coal, cement, lumber and et cetera. The value set on these items varies according to the country of destination and to the equipment received. Metals and minerals are usually evaluated in dollars according to the quotations of the New York Stock Exchange. White fir, in board lengths, is valued at twenty-eight dollars per cubic meter, F.O.B., Trieste or any Dalmatian port. England has been a principal buyer of Yugoslav lumber for its own consumption as well as for trans-shipment to other countries, including Israel.
7. Despite the urgent need for industrial transportation equipment, actual transactions are made very difficult for completion because of the bureaucratic control exercised by a multitude of government agencies, necessarily involved in each negotiation, creating confusion, duplication and delay. Negotiations by mail are worse than useless, since they are discarded or lost. Government agencies seldom set a definite value on merchandise bought or sold, but request the firms desiring to do business to set a price, with the result that much time is consumed in haggling. Wherever possible, foreign commercial interests are by-passed in order that local Yugoslav firms may complete the transaction.

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